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C O N F I D E N T I A L SECTION 01 OF 03 KUALA LUMPUR 000414

SIPDIS

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SUBJECT: AMBASSADOR'S VISIT TO TERENGGANU AND KELANTAN

Classified By: Political Counselor Mark D. Clark for reasons 1.4 b and d.

Summary

1. (C) The Ambassador traveled from May 18-21 to the northeastern Malaysian states of Terengganu and Kelantan, the poorest and most religiously conservative states in peninsular Malaysia. The Ambassador raised border security and human trafficking issues with senior state government officials and the police, and traveled to the Thailand-Malaysia river boundary to observe firsthand the porous border crossing. Discussions with Terengganu Chief Minister Ahmad Said focused on economic development and the potential for U.S. investment in the State. Kelantan Chief Minister Nik Aziz, the elder statesman of the Islamist party PAS, offered positive comments about President Obama, but remained critical overall of U.S. foreign policy towards the Muslim world. The Ambassador met with senior politicians from the conservative Islamic Party of Malaysia (PAS) and held discussions with the Bar Councils in both states (see septels). He also visited a Malaysian school participating in the State Department-funded English Language Teaching Assistant (ETA) program, and held a press roundtable with local journalists.

2. (C) Comment: Attitudes in conservative Terengganu and Kelantan towards the U.S, and President Obama in particular, were generally positive. The Ambassador's interlocutors agreed that the U.S. and Malaysia are entering a period of partnership, and that more people-to-people exchanges would be beneficial to furthering the relationship. Observations at the Thai-Malaysia border, and discussions with government and police officials, however, confirmed the challenge Malaysia continues to face in effectively combating trafficking in persons, including the need for more awareness-raising among local officials regarding trafficking crimes. End Summary and Comment.

Travel to Malaysia's Conservative East Coast

3. (SBU) The Ambassador, accompanied by Poloff and POL FSN, traveled from May 18-21 to Terengganu and Kelantan, the ethnic Malay heartland and Malaysia's most religiously and socially conservative states. Each state is dominated by ethnic Malays, who compose upwards of 90% of the population. Both states are also relatively poor and agrarian compared to the rest of Malaysia, and receive a disproportionately low share of federal funding, particularly Kelantan which is governed by the opposition. Terengganu has been a battleground state between the country's dominant United Malays National Organization (UMNO) and the Islamic Party of Malaysia (PAS) for the past 30 years and is currently led by UMNO; conversely, PAS has held firm control over Kelantan for nearly 20 years.

Two Chief Ministers, Two Different Agendas

14. (C) The Ambassador met with Terengganu Chief Minister Ahmad Said on May 19. Ahmad, a career politician and life long member of UMNO, became Chief Minister in March 2008 after spending the previous 18 years as a state assemblyman. Ahmad spoke at length about the economic situation in Terengganu, asserting the global economic crisis had not affected his state as much as others because the local economy was based largely on agriculture and fishing. (Note: this formulation ignores the substantial benefit the state derives from remittances sent home by workers in urban centers in Malaysia, as well as Singapore. The same holds true in Kelantan. End Note.) Ahmad noted that Terengganu, as well as other states, needed immigrants to fill jobs on plantations, farms, and boats because many ethnic Malays refuse to work in these sectors. Ahmad acknowledged that Burmese migrants crossed over the Thai border to work in the plantation sector. The Ambassador raised our strong concerns about trafficking in persons, especially across the border with Thailand. Ahmad noted that trafficking was a regional problem, but did not comment further. The Ambassador thanked the Chief Minister for Terengganu's participation in the successful ETA program, highlighting the exchanges' contribution to enhanced mutual understanding between our two countries. Ahmad replied that he would like to see the program expanded, but Terengganu does not have the resources or infrastructure to support this. (Note: the ETA program funds 15-20 recent American University graduates annually to teach English at local schools. This year there are 23 U.S.

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teaching volunteers participating in the program. The state is the primary constraint on numbers. In an aside, the Ambassador was told that even 23 was more than the state could support logistically. End Note.)

15. (C) The Ambassador met with Kelantan Chief Minister Nik Aziz Nik Mat on May 20. Nik Aziz, the 78 year-old "spiritual leader" and elder statesman of the Islamist opposition PAS party, has been the Chief Minister of Kelantan for nearly 20 years. A long time critic of U.S. policies towards Iraq, Afghanistan, and Palestine, Aziz was hopeful for President Obama, but offered that the new U.S. administration should "apologize" for the atrocities committed by the Bush administration. The Ambassador explained the President's commitment to a two-state solution, his recent and upcoming engagements with the Muslim world, and suggested Malaysia could play a helpful role owing to its influence in the Non-Aligned Movement (NAM) and the Organization of the Islamic Conference (OIC). Nik Aziz downplayed the local impact of the global economic crisis given the prominence of agriculture in Kelantan's economy. Citing the success of the ETA program in neighboring Terengganu, the Ambassador told Nik Aziz that implementing a people-to-people exchange like this in Kelantan could help to enhance mutual understanding. Nik Aziz expressed interest in the ETA program and also asked for U.S. support for a local science lab program. (Comment: Nik Aziz has a reputation for holding a very narrow view of the world outside of Malaysia, perhaps even outside of Kelantan. He often faces quiet dissension from within his own party because his very conservative views sometimes alienate even his ethnic Malay supporters. Based on the history of meetings between our ambassadors and Nik Aziz over the past 20 years, this was the first time that Nik Aziz spoke positively about U.S. leadership. End Comment.)

Police, Border Security and Human Trafficking

16. (C) The Ambassador met with Kelantan Deputy Police Chief Amir Hamzah, who displayed pride in the effectiveness of his police force and the relatively low crime rate in Kelantan compared to other states. Amir explained that the police

assigned at the nearby Rantau Panjang border crossing have a good working relationship with their Thai counterparts. He cited an example of Muslim Thai children who cross the border daily to go to school in Malaysia without going through either immigration station. Amir acknowledged that both legal and illegal goods are smuggled across the Sungai Golok river daily. Of most concern to Amir is the smuggling of synthetic drugs. The Ambassador raised the issue of refugee trafficking across the Thai border, referencing the recent U.S. Senate report on this subject. Asked about human trafficking enforcement, Amir stated that it was impossible to monitor the 120 kilometer stretch of the Sungai Golok river that constitutes Kelantan's border with Thailand. He complained that his counterparts in the western state of Perlis have a much easier time controlling illegal border-crossing activity because their shared land border with Thailand consists of a fence and not a river. The Ambassador suggested to Amir that trafficking might be a good area for future law enforcement cooperation and assistance between the U.S. and Malaysia. Amir referred the Ambassador to headquarters staff in Kuala Lumpur where all decisions about such training and interaction are made.

17. (C) The Ambassador visited the Rantau Panjang crossing at the Thai border and raised with local police officials there the reports of trafficking of persons and the allegations of official involvement in this activity. Police officials at that border crossing did not distinguish between illegal immigration and human trafficking, and claimed no knowledge of any related trafficking activities. (Note: During the Ambassador's meeting at the Rantau Panjang crossing, boats ferrying goods and people across the river border unchecked by the Malaysian authorities were readily observable. End note.)

PAS MP Discusses Cross-Border Smuggling and Migration

18. (C) the Ambassador also raised the issues of border security and human trafficking in his meeting with Wan Rahim (please protect), the Member of Parliament (MP) for Kota Bharu and a senior PAS official. Acknowledging trafficking as a serious problem, Wan Rahim noted his ethnic Cambodian wife had heard Cambodian migrants' accounts of extortion by low-level Malaysian officials, very similar to those reported in the recent U.S. Senate report. Wan Rahim explained the long-standing relations between the Thais and Malays of the

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same ethnic group who live near the border. He noted that cross-border smuggling was mainly of textiles, rice, sugar and other commodities. He cautioned that cross-border smuggling was a very sensitive issue in the state and any politician who condemns, criticizes, or urges the authorities to crack down has "a very short shelf-life."

Outreach Activities

19. (SBU) The Ambassador also visited a school in Kuala Terengganu that is participating in the ETA program, which is funded jointly by the Terengganu State Government and the Department's Fulbright Grant program. The Ambassador highlighted the success of this program with the Deputy Director of Education in Terengganu, noting that this was an example of the importance of people-to-people relationships in improving mutual understanding between our two countries. The Deputy Director told the Ambassador that state officials were pleased with the ETA program and would like to add additional ETA teachers, but that they did not have the funds or infrastructure to support an expansion.

110. (SBU) The Ambassador hosted dinner for the Bar Councils in both Terengganu and Kelantan (reported septel) and held a press roundtable with journalists of local and national publications. With the press, the Ambassador discussed the

Obama administration's foreign policy agenda, the ongoing U.S. review of trade policy as the background for our bilateral Free Trade Agreement (FTA) negotiation, our strong people-to-people ties in Terengganu and Kelantan, and the U.S. response to the H1N1 flu epidemic. The reporters focused most of their questions on the FTA, which resulted in a short print article by two national newspapers on the status of the trade negotiations. (Note: Contrary to local press reports, the Ambassador did not mention the possibility of resuming FTA negotiations in June. End Note.)
KEITH